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Request for Information Regarding Lifetime Income Options for Participants and Beneficiaries in Retirement Plans

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Request for Information Regarding Lifetime Income Options

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General Comment

1. A requirement to have some or all of benefits issued through lifetime payments poses a substantial disadvantage to participants who wish to retain control of their funds. Many individuals have diverse methods of funding retirements, including defined contribution funds, other savings, home equity, trusts and other sources. A decision regarding fund distributions often involves a variety of factors including retirement plans, tax implications, current need, and life expectancy. For those individuals who have planned carefully for their retirement needs, mandating lifetime payments, rather than having an option of lump sum distribution, could have a substantial impact. For example, an individual might want to use a lump sum distribution to retire the mortgage on their home, thus reducing retirement expenses. Another individual may wish to transfer funds into other forms of savings that allow use of the funds in a somewhat sporadic manner, such as periodic travel or providing volunteer services in high need areas. By restricting access to retirement funds, an individual would essentially have to "save" from distribution funds over a period of time in order to access their own money to be able to do activities long planned for during working years. Quite frankly, it seems a little unfair to have saved during my 35 years of working only to be restricted from using these funds for my retirement plans.